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Singapore Management University

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# Operating a digital marketing agency out of China

26 Sep 2018

*Mobile Now has to contend with the Great Firewall of China but the opportunities for growth outweigh the technical obstacles*

In August 2017, Chinese internet giant Tencent (腾讯) pulled two chatbots on its QQ messenger app after social media users posted pictures of the A.I. software's controversial replies. In response to the question, "What is your China dream?" chatbot Little Bing (小冰) answered, "My dream is to go to America". The other chatbot, BabyQ, committed a far worse offence: when asked to reply to "Long live the Communist Party" it came up with "Do you think such corrupt and incapable politics can last a long time?"

Mobile agency Mobile Now Group has three offices in China; Shanghai (上海), Changsha (长沙), and Hangzhou (杭州) as well as one in Singapore. While the company had absolutely nothing to do with the incident, it raises, once again, the issue of censorship and state control of the media in China. Mobile Now's Managing Partner **Liam Winston** explains why they chose to set up shop there.

"In many ways, Asia is leading the way, but the epicenter is China," Winston tells *Perspectives@SMU* with regard to innovation in the digital space. "Silicon Valley still delivers technology breakthroughs, but the smart guys there realise that good things are happening in China too.

"Where we see China leading the way is mobile payments. A lot of it has to do with China skipping credit cards. When you go from cash to cashless by leapfrogging credit cards, it's a bit like going from 2G to 4G."

Winston adds: "What has grown considerably for us...is doing customised work on WeChat. If consumers look for a brand in Southeast Asia, they would likely do a Google search, find the website and boom, you're done. In China, when consumers want to find out about a brand they go to WeChat, search for the brand in WeChat and connect to that brand on WeChat itself. The analogy I make is AOL 15 years ago.

"It's been a huge opportunity for us because when the consumer reaches out to the brand in WeChat, they expect an experience that is at least that of an HTML5 site. So brands need to have that content and interactive opportunity in WeChat. Multinational brands have their global app and their global HTML5 site, but they're often not sure what to do with their WeChat channel. So there's been a catchup drive to build this third mobile channel, and that's been big for us the last two, two and a half years."

## Jumping the Great Firewall of China

While there are ample opportunities to grow the business, the QQ incident is a reminder of the restrictions and potential pitfalls. But with clients all over the world, is the Great Firewall of China an impediment to business operations?

“From a day-to-day perspective we have to give consideration to accessibility,” Winston concedes. “As an entity, you adapt. You put in the necessary infrastructure that allows you to do that. Yes it is a pain when you can’t use a particular tool and you have to go through a VPN and everything slows down.

“There’s generally a solution around it, you just have to think twice about who’s the user. If the user is overseas, it helps if he or she knows how to navigate a Chinese portal. It’s all about adaptability.”

Winston adds: “There are challenges for brands. If you’re doing something on WeChat, there’s a recognition that Tencent will have access to your dialogue. What do you do about that? Do you embrace it and accept that as the price of doing business?

“Censorship doesn’t impact us too much. We generally are aware of what can and can’t be said, and we advise brands accordingly.”

## **It’s a (5)G thang**

Mobile Now, which counts among its clients Richemont, Lane Crawford, Accor Hotels, Beaumanoir Group, Jones Lang LaSalle, Sephora, and Chinese businesses across various industries, is riding the wave of changes wrought by the evolving technology landscape. As 5G networks get ready to displace current 4G networks, what disruption and opportunities does the company see going forward?

“I don’t think it’s going to immediately affect user behaviour on mobile devices that much,” Winston surmises while pointing out that things such as social networks, maps, and banking apps will likely remain as the main apps on phones. “What I think will happen is 5G will enable richer experiences. Whether that necessarily impacts what apps will do, I’m not too sure.

“You’re opening up the bandwidth to allow these richer experiences but generally that comes at a price. Bandwidth doesn’t become cheap until the technology matures. 4G data used to be expensive but now prices have come down as the infrastructure has rolled out. As 5G comes online I think there will be a slight premium for it, and I think this will impact behaviour.”

He continues: “In terms of our business, I don’t think it will change things too much. At the end of the day, a banking app will still be a banking app whether it’s on 4G or 5G. It could spur more use of apps. One of the turn-offs has been the download speed of apps but with 5G it will be instantaneous. You could be more compelled to download.”

While Winston believes that the change from 4G to 5G will not be as significant as going from 2.5G to 3G, he notes how businesses and brands have reassessed how they view mobile apps and the role they play.

“There used to be apps for everything; from spring festival to Christmas, and everything kind of ‘came on, came off, came on, came off’”, Winston explains, pointing to the disparate, ad

hoc nature of mobile apps when brands started using them. “From a CRM perspective, you’re engaging the consumer, and then as a brand you’re disengaging the consumer when you pull the app at the end of the campaign. And then you try to re-engage the consumer later, which is costly because of the media spend required to attract the consumer. Brands have moved away from that mentality.

“When mobile came to the fore via apps, brands were quite happy to experiment. Then there was a greater need for accountability: ‘If I’m going to spend \$50,000 on a mobile experience, what’s the ROI? Am I raising brand awareness? Am I driving footfall into retail stores?’

“Clients have definitely understood that the mobile environment has become more sophisticated. They are a lot more knowledgeable about what mobile does and what it doesn’t. They understand that mobile is just another channel and that it needs to account for itself.”

*Liam Winston was a featured speaker at Digital:works 2018 organised by the Centre for Marketing Excellence at Singapore Management University held from August 23 to 25.*

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